

APPENDIX I

LICENSE AGREEMENT for US PATENT 4,490,579

This Agreement is made and entered into at Union City, California by and between Daniel A. Henderson, a US citizen located at 33300 Mission Blvd. #131, Union City, California, 94587 dba "Innovad" (Licensee), and Vanig Godoshian, a US citizen located at 2500 Pontiac Dr., Sylvan Lake, Michigan, 48320 (Licensors).

Whereas, Licensors is the sole owner of all right, title, and interest in and to the United States Patent number 4,490,579, entitled "Auto-Dialing Pager Receiver";

Whereas, Licensee desires to obtain an exclusive license and assignment rights of said patent;

Now, therefore, in consideration of the promises above and the mutual covenants and agreements hereinafter, the parties agree as follows:

DEFINITIONS

1. The "licensed patent" refers to the United States Patent number 4,490,579 entitled "Auto Dialing Pager Receiver".
2. The terms "licensed pagers" and "pagers" refer to any acoustically coupled personal communication device, dialer, or card which is programmable by a radio signal transmission to generate one or more DTMF numbers as disclosed in US patent 4,490,579.

LICENSE GRANT / ASSIGNMENT RIGHTS

4. Licensors hereby grants to Licensee an exclusive, transferable right under the Licensed Patent to make, use, and sell licensed pagers throughout the United States, and its territories and possessions, for a term of five years (60 months) from the date of execution of this agreement.

AUTOMATIC ASSIGNMENT OF PATENT

5. Upon receipt by Licensors of \$ [REDACTED] ([REDACTED]) within the term of this agreement, Licensors will grant an irrevocable assignment of ownership of the licensed patent without delay. Receipt by the Licensors of \$ [REDACTED] Dollars) constitutes payment in full and Licensee will have no further duty to pay royalties or fees to Licensors. If a total of \$ [REDACTED] is not received by the Licensors during the term of this agreement, then rights to automatic assignment will be revoked at the end of the term of this Agreement and the license will revert to a non-exclusive license for the remaining life of the patent.

CONSIDERATION

6. In consideration for the license granted above, Licensee shall pay to Licensors an initial royalty payment of [REDACTED] U.S. Dollars) payable upon execution of this agreement.
7. Additional royalty payments will be made on a semi-annual basis at a rate of [REDACTED] % ([REDACTED]) of all U.S. Pager sales within the term of this agreement.
8. A licensed pager will be considered "sold" when billed, except that upon the termination of this License Agreement, all inventory of the Licensee of licensed pagers existing on or prior to the date of such termination shall be considered sold. Royalties paid to Licensors of returned licensed pagers shall be non-refundable to Licensee.

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SUB-LICENSING

9. Licensor agrees and undertakes that Licensee may sub-license the rights herein granted and that Licensor will authorize any other person, firm, or corporation to make, use, or sell the inventions herein licensed so long as the agreed upon ~~royalty~~ royalty is paid to Licensor.

ACCOUNTING

10. Licensee agrees to make and keep full and accurate books and records showing the sales of licensed dialers sold under the license herein granted in sufficient detail to enable royalties payable to be determined.
11. Licensee further agrees that Licensor shall be permitted to inspect such books and records from time to time, during regular business hours, to verify the royalty reports and payments provided by this agreement.
12. For the purpose of computing royalties under this Agreement, the year shall be divided semi-annually, beginning January 1 and July 1 of each year period. Within ninety days after the end of each semi-annual period, Licensee shall submit a written report to Licensor setting forth the number of licensed pagers which have been sold during the preceding six month period. Licensee shall remit at that time to Licensor at Licensor's designated address the full amount of royalties due for such six month period.
13. In the event of termination of this Agreement for any reason whatsoever, Licensee agrees to permit Licensor or its agent to inspect all said records and books of Licensee and to investigate generally all transactions of business carried on by Licensee pursuant to this Agreement and the license hereby granted, for a period of six months after such termination.

ENFORCEMENT

14. Licensor will cooperate fully in supplying any information required for enforcement of the patent against companies infringing the patent. Licensee shall bear all costs and legal fees associated with enforcement of the patent and shall bear all direct expenses incurred.

DURATION

15. This Agreement shall become effective on the date of execution by Licensee, and unless sooner terminated or extended as otherwise herein provided, shall remain in effect for five (5) years.

TERMINATION

16. This Agreement may be terminated by Licensor if Licensee shall at any time make default in the payment of any royalty as herein provided, or shall commit any breach of any covenant or agreement herein contained, or shall make any false report, and shall fail to remedy any such default or breach within thirty (30) days after written notice hereof by Licensor.

ARBITRATION

17. Every dispute, difference, or question arising between the parties in connection with this Agreement or patent or any clause or the construction thereof, of the rights, duties, or liabilities of either party shall be settled by arbitration in Union City, California in accordance with the rules of the American Arbitration Association (including Patent Arbitration Rules), and judgement upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof.

SEVERABILITY

18. Both parties hereby expressly agree and contract that it is the intention of neither party to violate any public policy, statutory or common laws; that if any sentence, paragraph, clause or combination of the same is in violation of any state or federal law, such sentences, paragraphs, clauses, or combinations of the same shall be inoperative and the remainder of this Agreement shall remain binding upon the parties hereto. It is the intention of both parties to make this Agreement binding only to the extent that it may be lawfully done under existing state and federal laws.

NEGATION OF AGENCY AND SIMILAR RELATIONSHIPS

19. Nothing herein contained shall be deemed to create an agency, Joint Venture, or Partnership between the parties hereto.

EXISTENCE OF PRIOR AGREEMENTS

20. Licensor warrants that no other license agreements or other similar business arrangements relating to the licensed patent are in effect during the term of this agreement.

ENTIRE AGREEMENT; MODIFICATIONS

21. This Agreement constitutes the entire agreement and understanding between the parties and supersedes all prior agreements and understandings with respect to the licensed patents whether written or oral. No modification or claimed waiver of any of the provisions hereof shall be valid unless in writing and signed by authorized representatives of the party against whom such a modification or waiver is sought to be enforced.

ASSIGNABILITY

22. This Agreement and the rights and powers created herein may be assigned in whole or in part by the Licensee.

MAINTENANCE FEES

23. Licensor agrees to pay all patent license fees in a timely manner as required by the US Patent & Trademark office and warrants that all necessary fees to keep the patent in force have been paid as required.

GOVERNING LAW

24. This Agreement shall be construed and enforced, and the legal relations created herein shall be determined, in accordance with the laws of the State of California.

NOTICE

25. All notices provided for in this Agreement shall be given in writing and shall be effective when either served by a personal delivery, or deposited, postage prepaid, in the United States Registered or Certified Mail addressed to the parties at their respective addresses hereinabove set forth or to such address or addresses as either party may later specify by written notice.

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